

FCCB c/o Benny Bolin
Route One, Box 331B
Allen, Texas 75002
(214)727-2395

Fractional Currency Collectors Board

MARCH 1995 NEWSLETTER

Well, albeit a tad late, this is the *"Inaugural Edition"* of the FCCB newsletter done totally by me. Please look it over and send me any feedback you may have on how I can improve. With these first few newsletters, **ANY** input you provide will be greatly appreciated. During this *"honeymoon"* period, I am open to and want any input you have, even harsh comments--I guarantee you cannot and will not hurt my feelings (for the first 2-3 at least). Also, I am in dire need of assistance in writing future editions of the newsletter. I only go to two major shows a year--Memphis and the Texas Numismatic Association show, so send me pertinent reports if you attend Central States, FUN, Long Beach, or even your local shows. **DEALERS--THIS IS YOUR BIG CHANCE TO ULTRA-CONTRIBUTE!!** Also, I only take Bank Note Reporter, Numismatic News, Coin World, Linn's Stamp News as well as the newsletters/magazines from SPMC (Paper Money), TNA and Texas Philatelic Association. So, if you have any other media that has pertinent articles, please send them to me. **REMEMBER, I DO NOT HAVE THE RESOURCES MILT HAD, SO THE NEWSLETTER WILL ONLY BE AS GOOD AS YOUR INPUT.**

DUES, DUES, DUES

Dues are due!! If you have not paid your 1995 dues, please use the enclosed envelope and remit them ASAP to Treasurer Lee. Remember, they are \$12 this year. If you have already paid them, disregard the envelope (or better yet, send it back to me to use next year. Point of clarification--If you joined the FCCB during the first three quarters of 1994--Jan.-Sept., you owe the 1995 dues. If you joined in Oct. 1994 or later, consider yourself paid in full!

NOW, ON TO NEWS!

GENGERKE SALE--As you all hopefully know, the Gengerke sale is history and from reports I received, our members got a lot of the notes. Milt was kind enough to send a report--see attached. I have to agree with Milt that the catalog is one of the best I have ever seen and am sure it will be a much sought after reference. If you do not have one, contact Len Glazer (one of our charter members) to determine if copies are available.

MEMBER BIOS--This edition is the premier edition for what I hope will continue each edition, that of having member bios in it. It is so neat to get a more personal look at our members. Send yours!

ANNUAL MEETING--Yes, it is soon to be that time again! Our 1995 annual meeting will again be held during the International Paper Money Show at the Holiday Inn Crowne Plaza (901-527-7300) in Memphis, Tennessee, June 15-18. Our meeting is not as yet scheduled, but President Hales states he hopes it is at the same time as the past few years, at 2PM on that Saturday. Final details will come out in a mini-newsletter prior to the show, probably in May. If you have ideas for a program, or want to present it, contact President Hales ASAP. We will again be presenting exhibit awards for the best three Fractional Currency exhibits. If you have not started, get those exhibits going. We need a bunch. Again this year, one of our charter members, Mart Delger, is the exhibit chairman. Contact him for applications if you have not already done so. Finally, I need some help. I have decided to go into a new exhibiting arena--that of doing a philatelic exhibit. Have any of you ever done one? If so, how about some tips?

TNA--Special note to those of you fortunate enough to live in or around the true "*God's Country*," Texas--The annual TNA convention will be held March 30-April 2 in Fort Worth. I am the exhibit chairman and would love to see a few Fractional exhibits there besides mine. Contact me if interested.

HELP-HELP-HELP--Again, I plead with you all to submit items for inclusion in the next newsletter.

ATTACHMENTS:

1. Bios on the FCCB itself, President Hales, Vice President Friedberg, Treasurer Lee and yours truly.
2. Report from the FUN show and Genegerke sale as submitted by Milt--thanks!
3. Results of the Gengerke Sale as reported in BNR.
4. Another Fractional Currency article (#5) by Brent Hughes. It is on Spencer Clark and the third issue five cent note--note the source for the article--autographed copies are available.
5. Report on the folding of the Standing Liberty Quarter group. I included just to illustrate what could happen to a group as small as ours if we get complacent, do not recruit, do not submit information and/or leave the work to others.
6. Report on the sale of Champas' Fractional Currency Presentation Book.
7. Article from Paper Money on "*Counterfeiters and Mister Stanton*."

BIOGRAPHIES

THE FCCB

(as submitted by President Hales)

At the Memphis show in June of 1983, there was a group of Fractional collectors gathered around Glazer's table talking about how to promote our hobby. I believe Martin Gengerke, Milt Friedberg, Len Glazer, Wayne Liechty, Jackson Storm, Wally Lee and Mart Delger were included in that group. I was out working the floor at the time and not involved in the discussion. The first I learned of this gathering of the clan was when the following announcement was made over the P.A. system, "*A new organization has just been formed. Its' name is the Fractional Currency Collectors Board and Doug Hales is the new president--Congratulations Doug!*" So, from a small group of people interested in the study, research and sharing of information about Fractional Currency, we have grown to the national organization that we are today.

DOUG HALES--FCCB PRESIDENT

I started collecting coins in the early '50s and bought my first proof set from the mint in 1952 for \$2.10. I still own it. During my teenage years, I would work at coin shows in Pontiac, Michigan for a local coin dealer, Don McLain, along with a fellow future FCCB member, Jerry Hoffman. In 1958, Don introduced me to Fractional Currency and I've been hooked ever since. With the increased number of processed coins in the '60s and the use of the numbering system for grading coins becoming so prevalent, my interest in coins waned and my interest in Fractional became my driving force in collecting. Some people collect type notes, some collect by Robert Friedberg numbers, some collect proofs, specimens and experimental; I find it all interesting, even to the point of ink and paper varieties. It used to be that when I went to Memphis, the most important thing to me was the chasing of good notes I needed at good prices. Now, what I look forward to is seeing old friends, making new ones and talking about Fractional. The fun is still in the hunt, but it is not the most important thing anymore.

MILTON FRIEDBERG--FCCB VEEP

I started collecting stamps when I was a kid and when I reached 16, my dad gave me his collection of world stamps and "US Back-of-the-Book" including 3 or 4 postage currency rags! In 1945, I decided to find out about those "rags" and eventually ended up finding Lester Merkin in NYC who educated me and sold me a great portion of the Calfield collection which was the basis of his famous Merkin list. Through Merkin, I met King and bought his collection and then later ran into the "Cozy Coin" dealers here in Cleveland. They had the "Joer's Collection" from Joer's Estate and I bought all the rarities while all the standard notes were sold through Harry Jones here in Cleveland. While trying to add to my collection through various dealers and auctions, I started to keep records of every note that I found references to or about. I had met Martin by this time and he helped me make records by his ability to get to the NYC Public Library and into the ANS Library in NYC. My research into Congressional documents plus his local data from all the catalogs ended up as the basis for the

Encyclopedia. Further, when Martin went to work for Melnick at NASCA, he suggested to Melnick that NASCA publish the Encyclopedia. In the long run, Melnick did with Martin transferring my notes to the computer and thus to the book.

DR. WALLACE LEE--FCCB TREASURER

I was a coin collector to start with in 1962. I enjoyed collecting from pocket change and filling album holes. Then, in 1964, the silver was taken out of coins, so I would take home a bag of coins and sort out the silver coins and rarer dates. Before long, this source dried up and necessitated buying from dealers, auctions and other sources with resulting skyrocketing prices. In 1972 I acquired my first paper notes--Obsolete banknotes of the 1830s that had beautiful vignettes and were different from each other, unlike Morgan dollars that only had one difference--the date. My big strike came in 1974 when I bought two large collections of Michigan obsoletes--my home state. So, with these collections as a nucleus, I set out to put together one of each type and variety, down to plate letter of every Michigan obsolete ever printed. I now have over 1800 different ones and am searching for more. I also have a very large collection of Michigan National Banknotes. I started collecting Fractional--*"those little bills"* in 1978. I went to NY for the Rockholt sale and got my FR#1299 and 1300 and a good many other toughies. I was the underbidder to Martin Gengerke on the 1373a that completed his collection. The current prices for these rarities will prevent me from being able to complete my collection.

BENNY BOLIN--FCCB EDITOR

I began collecting coins at the early age of 8, **30 years ago!!!** Due to some of the same frustrations with pricing, grading that Doug had and a growing dissatisfaction with the entire field of coins, I sold everything I had in 1983. In fact, I was just desperate to get out and actually sold my entire collection (19 years worth!) for approximately 25% of what I paid for it. I had a few Fractional notes and decided to put the money from selling my coins into paper and sent it to Hugh Shull for some South Carolina obsolete banknotes. This is my alternate collecting milieu and I have a very large collection of banknotes, stocks, bonds and fiscal paper from South Carolina. In June of 1983, I went for the first time to Memphis and simply fell in love with paper, especially Fractional. I decided at Memphis '84 to join the FCCB and to exhibit the next year on Spencer Morton Clark and his putting his portrait on the third issue three cent note. I decided to get my information the easy way and wrote Milt to send me all I needed. He wrote me back detailing how to do research. However, having to do all that myself, delayed my first article and exhibit until Memphis '87. That really started it all and I have been researching and writing ever since. Of course, my favorite note is the third issue five-cent note and my pet peeve is those people who should know better referring to Spencer as *"a mere or lowly clerk in the Treasury department!!"* My goals in Fractional are to have the best circulated collection in existence and to ensure the knowledge we have amassed in the past years carries over to the future.

M.R. Friedberg
8803 Brecksville Road, Unit 7 -#203
Brecksville, OH 44141-1933
January 15, 1995

Just back from a trip to Florida and participation in the 1995 FUN Convention and Currency Auctions of America Sale of the Gengerke Collection on January 6, 1995 at Orlando, Florida.

The auctioneers deserve an award for the best Fractional Currency Catalog ever presented in the sense that it was the most informative I have ever seen. It, like so many other recent auction catalogs had excessive Hype and overstatement of condition and rarity. However it more than made up for the Hype in the data presented in the form of a primer of Fractional Currency Collecting. For example, I have always distinguished the large (40mm) and small (38mm) seals strictly by measurement, whereas they included detail photographs showing that the large seal has no stripes at the shield's edge while the small seal does. That detail will be included in the next issue of the "Encyclopedia"! Leaving out the minor "carping" of unimportant typo's and errors in data, it was indeed the most impressive catalog in Fractional history.

In addition to setting a record for description and presentation in a catalog, new records were set for prices realized:-

Lot 121 FR1255a (3R10.5) realized \$19,500 + 10% buyer's fee.
Lot 125 FR1292 (3R25.1k) realized \$ 1,550 + 10% buyer's fee.
Lot 132 FR1300 (3R25.3b) realized \$ 3,400 + 10% buyer's fee.
Lot 161 FR1351 (3R50.8) realized \$17,000 + 10% buyer's fee.
Lot 162 FR1352 (3R50.8a) realized \$27,000 + 10% buyer's fee.
Lot 163 FR1353 (3R50.8b) realized \$ 8,500 + 10% buyer's fee. (Not a record price).
Lot 164 FR1354 (3R50.8c) realized \$16,000 + 10% buyer's fee.
Lot 187 FR1373a (3R50.9) realized \$21,500 + 10% buyer's fee.
Lot 216 FR1329SP (3P50F.6) realized \$ 8,500 + 10% buyer's fee.

During the sale it was announced that although the Gengerke collection had now been broken up, one of the buyers (Anonymous) had accomplished his objective of obtaining the complete set of Friedberg Numbers. A broker acting for the unknown collector advises that the new owner is not a current member of the FCCB. Note that the M.R. Friedberg Collection is still missing the FR1352 but does include 3R50.7 (Allison-Spinner)!

In turn I have accomplished one of my objectives of reassembling the major components of the F.T. Joers collection, which I originally located in 1978 and distributed partially to others

Congratulations!!!.

BANK NOTE REPORTER

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Fractional notes set sale records

More than \$1 million in bids were recorded Jan. 6-7 in the 2,589-lot auction conducted by Currency Auctions of America in Orlando, Fla.

Approximately a fifth of the total, \$202,223, out of \$1,062,175, was realized by the Martin Gengerke collection of Fractional Currency. This portion of the sale saw previous record prices for specific Fractional Currency notes broken no fewer than five times, Kevin Foley, a company principal, said.

Prior to this sale, the highest auction record any Fractional was the \$12,650 figure in a CAA November 1992 sale of a 50-cent Justice note, Fr. 1373a, Foley stated.

In the Orlando sale, Lot 121, a Third Issue 10 cents, Fr. 1255a, sold for \$21,450. This record stood for less than

30 minutes and then was surpassed by a \$29,700 price paid for one of two known examples of the Fr. 1352 Justice note, Lot 162.

Lot 161, another rare Justice, Fr. 1351, sold for \$18,700. Lot 164, one of three known Fr. 1353 Justice pieces, went for \$17,600. The finest known Fr. 1373a, Lot 187, sold for \$23,650.

Prices realized include a 10-percent buyer's fee.

The Gengerke holdings had previously been sold by private treaty in 1994 and consigned in their entirety to the CAA Orlando auction by the buyer.

Foley said that 174 bidders registered on site and 441 participated by mail. Of these 615 bidders, 402 successfully purchased at least one lot, Foley said.

National Bank Notes from 49 states



Among the Fractional Currency pieces sold by Currency Auctions of America in Orlando as part of the Martin Gengerke collection was Lot 187, a Fr. 1373a, which brought \$23,650.

were sold. Among the highlights of these was Lot 1777, a \$20 Batesville, Ark., Red Seal. It was estimated at \$1,750-\$3,500 prior to the sale, Foley said, but spirited bidding from six mail bidders and a number of bidders on the floor took the hammer price up to \$8,690.

A discovery note from the First National Bank of Fresno, Mont., a \$10 1902, was estimated at \$2,750-\$3,500 and brought \$3,300.

CAA is a joint venture of Allen Min-

cho, P.O. Box 1525, Cedar Park, TX 78630; Len Glazer, P.O. Box 111, Forest Hills, NY 11375; and Foley, P.O. Box 573, Milwaukee, WI 53201. Prices realized or other information may be obtained by contacting Foley. His telephone is (414) 282-2388. His fax number is (414) 282-3528.

The firm will hold three more auctions in the next 12 months at the Memphis and St. Louis paper money shows and another in Orlando.

Fractional currency, other paper items attract collectors

Collectors actively bid on specimens from the Martin T. Gengerke Collection of Fractional Currency as well as other paper money offered during the Jan. 6-7 auction by Currency Auctions of America Inc.

The auction, conducted during the Florida United Numismatists convention in Orlando, brought a \$1,062,175 total hammer price. Of the 2,589 lots offered, 93 lots were not sold. A total of 174 bidders registered on site with 441 mail bidders participating.

In addition to the fractional currency offering, there were also Colonial and Continental notes, Confederate currency, small- and large-size type notes, military payment certificates, encased postage and many other kinds of financial documents and notes.

The Gengerke collection, which had been sold by private treaty in late 1994 and consigned to the Currency Auctions of America Inc. by its new owner, consisted of 148 lots of regular-issue fractional currency, said to be the only complete collection to ever have been formed.

Fractional currency are notes bearing denominations under one dollar. Issued in six denominations — 3-cent, 5-cent, 10-cent, 15-cent, 25-cent, 50-cent — the currency began circulating in 1862 in an effort to alleviate the shortage of small change during the Civil War. There were five issuing periods for the fractional currency.

Among the fractional currency highlights was a 50-cent Specimen note from the First Issue Friedberg 1310a ("Encyclopedia of United States Fractional & Postal Currency" by Milton R. Friedberg) graded very choice New which sold for \$2,525.

A 10-cent Third Issue FR.1255a graded choice New, one of two pieces known to exist, brought \$19,500. The note was hand signed by Register S.B. Colby and Treasurer F.E. Spinner but unlike all other hand signed notes, the back is printed in green ink used for notes with engraved signatures.

Four notes, considered the rarest group in fractional currency, sold for more than \$68,000 total. The notes plus individual prices (minus the 10 percent buyer's fee): a 50-cent Third Issue Justice Fr. 1351, one of eight to 10 known to exist, graded choice New, sold for \$17,000; a 50-cent Third Issue Justice Fr.1352, graded Fine, one of two known to exist, sold for \$27,000; a 50-cent Third Issue Justice

Fr.1353, graded choice About New, six or seven known, sold for \$8,500; and a 50-cent Third Issue Justice Fr.1354, graded About New, six or seven known, sold for \$16,000. All of these notes are extremely rare; some had never been offered for sale publicly.

All of the fractional currency lots were sold.

Other highlights in the auction include a 50-cent Waukesha, Wis., scrip piece sold for \$790; a \$20 Batesville, Ark., Red Seal national bank note sold for \$7,900; and a \$10 1902 discovery note from the First National Bank of Fresno, Mont., graded Fine, sold for \$3,000.

All prices are hammer prices minus the 10 percent buyer's fee. For a copy of the catalog and prices realized, contact Currency Auctions of America Inc., c/o Kevin Foley, P.O. Box 573, Milwaukee, Wis. 53201, or call (414) 282-2388.

Spencer Clark's portrait result of Treasury gaffe

by Brent Hughes

Editor's note: This is the fifth of a series of articles on Fractional Currency that runs every other month, alternating with a series on Confederate notes.

When a group of Treasury employees compiled and published the *History of the Bureau of Engraving and Printing, 1862-1962* to celebrate the agency's centennial, it gave researchers a lot of information about a little-known subject.

For instance, we learned of an obscure pamphlet written in 1837 by an attorney named John H. Sargent of Charleston, S.C. The document suggested that the U.S. government set up a "general print mint at Washington for the emission of paper money." Sargent may have been upset by the chaos created by the private bank notes that flooded the nation in that year.

The entire monetary system of the nation was in crisis, and Sargent spent his own funds to send a quantity of his treatises to the Postmaster General, asking that he pass them on to members of Congress.

Nothing came of the suggestion, and we can imagine that the many bankers serving in Congress wanted no part of any plan to revamp their industry. The private bank note companies were prospering, of course, so they too may have fought the concept of a government facility to print paper money.

The Civil War changed everything. Enormous expenses were incurred and

the Treasury Department found itself unable to pay the bills. It moved quickly to establish a national currency. Shortly thereafter, the concept of "legal tender" evolved. Currency was backed by nothing except the integrity of the government itself. Today, of course, no one expects to redeem paper money in silver or gold, so that long era has passed into history.

The Treasury Department publication does not hesitate to give credit to the individuals who founded our present Bureau of Engraving and Printing. The opening paragraph says the agency resulted from the "self-confidence, courage, ingenuity, and patriotism of one man, Spencer Morton Clark," backed by Salmon P. Chase, Lincoln's Secretary of the Treasury.

This is deserved praise for both men, but some historians have not been as kind to Clark as the Treasury writers have been. Controversy swirled around Clark throughout his career at Treasury, and he was constantly defending himself against a torrent of allegations. His critics would eventually force him to resign, but by that time the government's facility would be well-established.

There is one characteristic that Clark possessed in abundance — a great desire to try something new. His working career was a succession of trial-and-error experiments, which usually failed, but he always got up to try again. It may have been this quality that Chase admired. The Secretary had a fixation that the private bank note companies were grossly overcharging the government for their products, and he wanted to bypass them. Chase turned to Clark when he wanted something done. The National Currency Bureau was the result. Yet Clark is seldom mentioned in history books of the Civil War era.

Clark was born in Brattleboro, Vt., on June 3, 1811, the second of nine children born to Ezra and Laura Hunt Clark.

Eight years later the family moved to Hartford, Conn., where Ezra opened an iron business.

Young Spencer worked part time at various jobs before becoming a clerk in a hardware store. About 1830, he and a man named Gilbert became partners in a refinery at Simsbury, Conn., that processed copper ore. This may have been the venture during which Clark developed his ability to devise machinery for specific purposes, leading local residents to believe that he was a trained engineer. He never was.

In 1833, Clark married Mariah Barnard of Hartford. Spencer Jr. was born a year later, followed by Harriet in 1840. In 1834, Clark moved to Brattleboro where he worked as a bank teller. His restlessness soon led him to set up his own business, Clark and Company, to manufacture measuring devices.

The company failed in 1841, leaving debts of more than \$12,000. Clark moved his family to New York City where he had to declare himself bankrupt. The next two years found him working as a hotel clerk and bartender, but he still wanted to set up his own business. In 1844 he decided to become a commodities broker and, in partnership with E.W. Coleman, founded the Clark Coleman Company.

When this company failed in 1855, and creditors said that Clark's mismanagement was the cause, he must have finally realized that he was not cut out for independent business. The newspapers reported extensively on the breakup, praising Coleman for paying off his share of the company debt while Clark reneged on his share and skipped town.

Many of these creditors had long memories and would hound Clark after he began his career with the U.S. government in Washington, D.C.

In early 1856, Clark became a clerk in the Treasury Department's Bureau of Construction under A.H. Bowman, a professional engineer. A few months later, Clark was promoted to Chief Clerk where he evidently performed well. In May of 1860, when Bowman apparently retired, Clark was given his position with the title "Acting Engineer."

This raised some eyebrows among several professional engineers who were passed over because they knew that Clark was not an engineer. They suspected that political influence was involved, but, under the system then in place, there was nothing they could do about it.

What it did mean, however, was that Clark now had enemies in both New York and Washington who would do him great harm in the future.

It is not clear why Salmon Chase and Spencer Clark got along so well. Chase was a very intelligent man who aspired to become President of the United States. For that reason he may have accepted the appointment as Treasury Secretary as a stepping stone. He was obviously a man in a hurry, as was Lincoln who often complained that his military generals had the "slows."

Chase may have also run into an entrenched bureaucracy at the Treasury which resisted change of any kind. In any event, he soon found Clark eager to get the job done, as was demonstrated when he knocked holes in the walls of the Treasury Building to install his printing machinery. There were loud complaints about the "desecration" and the noise, but Chase and Clark forged ahead.

Clark may have inherited a competent staff of machinists and mechanics anxious to do their part for the war effort. It may have been these men who turned Clark's sketches into workable devices to print, trim and separate the sheets of paper money. As often happens in such situations, historians tend to give credit to the man in charge, ignoring those who actually did the work. Treasury records are scanty about this hectic period, so we will probably never know the full story.

Treasury archives do contain a lot of written correspondence between the two men. It is obvious that Clark wrote several reports which Chase used when he testified before Congress. Being a former senator, Chase had good friends on Capitol Hill who may have helped him keep Clark's enemies at bay.

It is interesting that, even with the enormous costs of the Civil War, the U.S. government was able to continue construction of the U.S. Capitol and the extensions to the Treasury Building. Congress had several watchdog committees auditing the projects, among which was the "Committee on Expenditures on Public Buildings." Clark's active critics brought about an investigation by a subcommittee assigned to determine if the officers of the Treasury's Bureau of Construction were qualified to perform their jobs.

It was somewhat of a witch-hunt in that the congressmen found that a lot of work at Treasury was "not of good quality." Though the contracts had been signed before Clark was placed in charge, the committee still charged that he condoned poor workmanship. On that basis the group suggested that Clark be fired, but Chase may have intervened and Clark stayed on.

It soon became obvious that Clark was not particularly interested in keeping good records. Instead, he spent long hours setting up the physical plant which would print the currency. August 22, 1862, is considered to be the official birth date of the Bureau of Engraving and Printing, and Chase appointed Clark as its first superintendent.

One of the major problems with the new U.S. currency was that an army of counterfeiters, who had been passing copies of private bank notes for generations, simply turned their attentions to government paper money. To the Treasury's surprise, the first issue of Fractional Currency was extensively counterfeited, so measures had to be taken to combat the menace.

Dr. Stuart Gwynn came to Washington to work with Clark in developing a security paper. Clark added his invention of bronze powder imprinting to defeat the photographic film then available to the counterfeiters. The problem was that the public paid little attention to details of the new money, so millions of counterfeits were soon in circulation.

Although it was never proven in a court of law (to my knowledge), it was alleged that the private bank note companies were willing to spend whatever it took to abolish the U.S. government's small facility for printing paper money. In fact, one congressional committee stated flatly that Col. Lafayette Baker of the War Department, whom Chase had brought in to investigate various claims of fraud and immoral behavior at Treasury, was "a tool of the commercial interests," which most people felt was a reference to the bank note companies.

Baker concocted fake charges that sent Dr. Gwynn to prison and led to Clark's suspension for a short time. When Gwynn was released, he broke all ties with the Treasury Department and went home. Clark simply resumed his work and let his critics howl.

There is one story that detectives hired by the private companies heard that Clark's wife was unhappy in Washington and wanted to return to New York. They supposedly offered Mrs. Clark \$50,000 if she would convince her husband to abandon the Washington printing facility and go back to New York with her.

Clark's associates heard this story and said that no amount of money could induce him to take a course detrimental to the government. The bank note companies would have to attack him from another direction — and they did.

Francis Spinner, U.S. Treasurer, was a pioneer in women's rights and had assembled a large staff of females to work at Treasury. This set off wild gossip that Clark's bureau "had been converted into a place for debauchery and drinking, the very recital of which is impossible without violating decency." Some believe that the bank note companies ordered Baker to exploit the rumors.

Baker really went after Clark. He even convinced two female clerks, Ella Jackson and Jennie Germon, to testify that they had bestowed "sexual favors" on Mr. Clark after hours in order to keep their jobs. Then, as now, such testimony sold newspapers, and the public tended to believe what it read.

Finally, an investigative committee of Congress headed by James A. Garfield met on May 3, 1864, to look into the sordid business alleged by Lafayette Baker. Placed under oath, witness after witness admitted that Baker had told them what to say, in some cases providing them a written transcript. Baker came away from the hearings a completely discredited man.



Spencer Clark

The committee summarized its findings by stating that the whole episode was nothing more than an effort to stop the printing in the Treasury Department and that all of the charges were totally false. It also said that "the policy of printing public money in the Treasury has resulted in a great savings of expense to the government and security against fraud and the affairs of the printing bureau have been administered with marked ability and integrity."

This praise of Clark was dampened somewhat by the committee's belief that he had been, in some instances at least, a very poor administrator. Down at Treasury, Clark kept working on his plans for the third issue of Fractional Currency with which he would make the most serious mistake of his career in government.

There is still confusion as to how this came about. Apparently a congressman had suggested to the Secretary of the Treasury that the explorer team of Meriwether Lewis and William Clark be honored by having their portraits appear on our currency. An unidentified Treasury official chose Meriwether Clark to be on the new 5-cent note, and others just assumed that he meant Spencer Clark, head of the National Currency Bureau.

Needless to say, when the private bank note companies learned from their informants inside Treasury that Spencer Clark had put his own portrait on our public money, they were outraged. They quickly contacted their powerful friends in Congress and demanded that something be done. Reaction was swift, and Congress passed the Act of April 7, 1866, which proscribed the use of the portrait of any living person on any plates "hereafter engraved" on any U.S. paper money, a law which is still in effect.

Since the plates with the portraits of Spencer Clark and Francis Spinner had already been engraved, the new law did not apply to them and the notes were issued. The law did prevent the use of the portraits of Generals Sherman and Grant on a new 15-cent note. Even though the plates had been engraved and uniface impressions printed, the Treasury Department decided not to put the note into circulation.

Spencer Clark survived the furor but he must have known his enemies were out to get him. His sloppy record keeping caused a lot of problems, which the Congress heard about. A third congressional committee met on Jan. 24, 1867, and began to call witnesses.

When the committee saw that many Treasury employees hesitated to testify against Clark, the group advised the Secretary of the Treasury that Clark should resign. He did so on Nov. 17, 1868, and transferred to the Department of Agriculture where he worked as a compiler and statistician. He evidently did a good job and was appointed head of the Bureau of Vital Statistics in 1890, a position he held until his death on Dec. 10, 1890. He left as his monument the highly-efficient Bureau of Engraving and Printing that we know today.

Source: Bolin, Benny, "Spencer M. Clark, Cornerstone of the Bureau of Engraving and Printing," *Paper Money* magazine, whole number 135.

NUMISMATIST

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Champa's coin books drew several big spenders to first of three sales

By Burnett Anderson

Book lovers bid actively and generously for the top material in Part 1 of the sale of the Armand Champa numismatic library Nov. 17 in Baltimore Nov. 17, with the top price of \$25,300 paid for Raphael P. Thian's personal copy of *The Currency of the Confederate States*.

The beautifully bound volume, one of a small number of albums prepared by Thian about 1884, contains 306 actual Confederate notes. The sale price was more than 50 percent over the pre-sale estimate of \$15,000.

The auction firm said this was a record price for a single United States book sold at public auction.

The sale was conducted by the Bowers and Merena auction house of Wolfeboro, N.H., in conjunction with the fifth annual Washington/Baltimore Suburban coin show.

The scene before the sale at the Baltimore convention center was described by Richard A. Bagg, auction director, as a "gathering of eagles . . . those in attendance the Who's Who in Book Collecting."

"The top quality and more expensive material did very well," Ray Merena noted following the sale. "Only the

items of lesser value, in the under-\$100 range, did not do so well."

There were some 70 to 80 active floor bidders, but a relatively small number of serious major collectors bought most of the more expensive lots. Eight of them had spent all day examining the lots prior to the sale.

Second in the price competition was a Fractional Currency Presentation Book issued by the U.S. Treasury Department in 1868, which sold for \$14,850. This was more than \$2,000 above the pre-sale estimate.

The handsomely bound volume contains 31 uniface proofs of the first three issues of fractional currency, and is one of perhaps 15 nearly identical books.

Armand Champa attended the sale personally, and was introduced to the bidding audience by Q. David Bowers. Bowers noted that Champa had set out to assemble the finest collection of numismatic books ever owned by an individual, after selling his coin collection 22 years ago.

He achieved his goal by assiduously seeking out rarities, Bowers said, some unique, some existing in only two or three copies, some that had never before been auctioned.

Third-place honors went to what was

described as a "superb set of Volumes 1-6 of *The Numismatist*," 1888-1893, complete, contents fresh and graded very fine. It cost the buyer \$13,200. Prices quoted here include a 10 percent buyer's fee.

What was once described by John Ford Jr. as "the rarest book in American numismatics," Raphael P. Thian's *Register of the Confederate Debt*, 1880, brought \$11,550, about \$1,000 short of the pre-sale estimate.

Also in the upper price brackets was Sylvester Crosby's personal copy of *The Early Coins of America*, 1873, which brought \$8,800.

All in all, more than 50 of the 596 highly varied lots were bid beyond the \$1,000 level, a large number of them in the \$2,000 to \$5,000 range. Total prices realized amounted to \$335,504, one of the largest for a numismatic literature auction.

Parts 2 and 3 of the Champa library are scheduled for public auction by Bowers and Merena in March and September of next year.

For more information, contact: Auctions by Bowers and Merena, P.O. Box 1224, Wolfeboro NH 03894; telephone (800) 458-4646; in N.H. (603) 569-5095; fax, (603) 569-5319.

Specimens of United States Fractional Currency," inner gilt dentelles, moiré endsheets, spine a trifle scuffed. Fine.

(12,500.00)

Prepared in 1868 under the administration of Andrew Johnson for presentation to the president, chief justice, cabinet members, and House and Senate dignitaries, perhaps only 15 nearly identical books were produced with the name of the recipient gilt stamped on the front board of each. No more than nine may be

known to exist outside of the presentation books, and the remaining 18 are known in only one or two examples. The present example is one of two copies made for himself by Currency Bureau Chief Spencer M. Clark, who unabashedly placed his portrait on the five-cent note—Third Issue. Its existence was unknown until 1991 when it was acquired by Herman Halpern in Stack's October 1991 sale. It reappeared in the Stack's sale of his paper money in 1993 where it was acquired by Armand Champa.

(See Color Plates I/XII)

Paper Money

COUNTERFEITERS

and

Mr. Stanton

by BRENT HUGHES

Researcher and SPMC member Ron Horstman recently unearthed an old government document that he might have ignored if the top line had not contained the magic words "counterfeit money." Actually the line said "Pardons for making and passing counterfeit money, forgery and perjury."

As collectors of paper money, Ron and I had no particular interest in the last two offenses but we wondered what the counterfeit money part was all about. The history of counterfeiting in our country is a source of great interest to many collectors and this innocent looking document promised some new information on the subject.

The congressional document seemed rather odd until we looked at the dates on the first page. There was April 4, 1865, the day Abraham Lincoln was assassinated, and the document had been signed by President Andrew Johnson on February 19, 1868, just five days before the U.S. House of Representatives voted to impeach him. To understand the document's meaning we must briefly list the events which led to its publication.

V ICE President Johnson became President the day after Lincoln was shot, but the real power in Washington at the time was Edwin M. Stanton, the powerful Secretary of War under Lincoln. For a few weeks after the assassination Stanton became, for all practical purposes, the dictator of the United States. Government officials knew that Stanton still had 900,000 Army troops under his command and would not hesitate to use them. It was a critical time in the history of our country.

Stanton had been in office when the U.S. government had begun printing paper money for the first time and had been directed by Lincoln to take charge of the battle against counterfeiters. He had appointed his friend William Wood, superintendent of the infamous Old Capitol Prison, to head the agency, the secret service division of the Treasury Department. This agency eventually grew to become the U.S. Secret Service, but its success was not due to Mr. Wood.

William Wood was a scoundrel of the worst kind. He rode roughshod over citizens' rights by arresting suspects on the flimsiest of evidence. In some cases he threw the suspects into his own prison and forgot about them. At the same time he set



Edwin M. Stanton, Lincoln's Secretary of War, became virtual dictator of the United States after the President's death. The efforts of Andrew Johnson to remove Stanton from office created a major crisis for the U.S. Government.

about to line his own pockets with reward money posted by the Treasury Department for the recovery of counterfeit plates.

His ruthlessness drew loud protests from relatives and friends of his prisoners, but Wood continued to abuse people with Gestapo-like tactics. Stanton supported him all the way because the Secretary was backed by the Radical Republicans who controlled the Congress. These men were determined to punish the former Confederate States and passed the Reconstruction Acts that placed the Southern states into five military districts, each ruled by an Army general under Stanton's overall command. The situation caused chaos in a nation trying to heal the wounds of the Civil War.

Andrew Johnson fought back but lost the battle at every turn. When he tried to replace Stanton with a cabinet officer of his own choosing, the Radicals passed the Tenure of Office Act which prevented the President from replacing any cabinet officer. On August 12, 1867 Johnson demanded that Stanton resign and when he refused to do so, Johnson suspended him.

Stanton countered by bringing in Army troops to surround his building and staying in his office day and night.

In January 1868 the Senate refused to concur in Stanton's suspension. On February 21, 1868 Johnson appointed a new Secretary of War and again ordered Stanton out. The House of Representatives quickly voted to impeach the President. The document unearthed by Ron Horstman was the end result of a resolution passed by the House on November 26, 1867. In the dirtiest of dirty political moves, the Radicals had ordered Andrew Johnson to furnish them a list of all the pardons he had issued since he had taken office. Oddly the resolution limited the list of pardons to those issued to prisoners who had been convicted of making, possessing or passing counterfeit money, or for forgery or perjury.

Stanton may have complained to his Radical friends that while he and his man Wood had arrested counterfeiting sus-

pects and the courts had convicted them, Johnson had frustrated their "good work" by pardoning the prisoners. The members of Congress who might have hesitated to impeach the President might be persuaded to do so if they read a list of criminals he had freed.

Fortunately Johnson and his Attorney General Henry Stanbery knew what the Radicals were up to and simply outfoxed them. The list of pardons showed that Stanton and Wood had been little more than loose cannons firing away in all directions. They had arrested quite a few people on counterfeiting charges but there was not a ringleader among them. Those arrested were just citizens who, for the most part, had not been able to distinguish between genuine and counterfeit currency and had simply passed on what they had received from someone else in ordinary business transactions.



The genuine 50¢ U.S. Fractional Currency note featuring the portrait of Spinner.

When the Civil War began in 1861, coins quickly disappeared from circulation when their metallic content exceeded their face value. To meet the emergency, U.S. Treasurer Francis E. Spinner issued fractional currency in denominations from 3¢ to 50¢. The people readily accepted the "paper change," never dreaming that counterfeiters would bother with such small amounts. Thus it was a shock to Treasury officials when they discovered that thousands of counterfeits had been quietly passed into circulation.



The counterfeit of the same note. The workmanship is excellent but close examination shows a slightly different expression in Spinner's eyes and the lettering along the bottom edge is distorted, especially the letters "S" and "C".

Incredibly the paper money involved was mostly U.S. fractional currency, the emergency "Civil War change" that had been issued as a substitute for coins. Their denominations ran from 3¢ to 50¢ and counterfeiters found them easy to copy. For a time everyone accepted the small-change notes without giving them a second glance. Later on they were amazed that counterfeiters would bother with such small bills.

Counterfeiters seemed to like the 50¢ note and flooded the country with them. Thousands of transactions took place before the public became aware that such counterfeits existed. But this fact did not deter Wood and his band of storm troopers. They arrested hundreds of citizens who were tried before judges who knew what Stanton wanted. It was not unusual for a poor suspect who had simply passed on a 50¢ note to be sentenced to seven years in some miserable prison for his so-called "crime."

Some cases were so evil, however, that even prosecuting attorneys and judges were sickened. They began to join other petitioners in asking President Johnson to pardon such prisoners and he had done so.

Johnson submitted his list, as required by the Congress, on February 19, 1868. Most members never had time to read it because, on February 24, 1868, the House voted 126 to 47 to impeach the President. The Senate went on to try Johnson but acquitted him by a single vote. After that famous event, the political scene settled down somewhat and the government became more stabilized.

To see how counterfeiting grew to such a menace we must go back to our country's earliest days. The governments of the colonies had difficulty providing a medium of exchange and considered counterfeiting a very serious crime. Some colonies went so far as to spell out the penalty on the notes themselves. Some notes of North Carolina, South Carolina, Rhode Island and Vermont bore a simple statement, "Death to Counterfeit." Delaware and Pennsylvania said, "To Counterfeit is death." New York and New Hampshire had similar warnings on some of their notes.

Historians say that the death sentence was never carried out so far as they can discover, but the dire warnings may have discouraged some printers from trying their hand. These early attempts at counterfeiting our currency were indicative of more serious things to come.

In the 1800s the era of the private bank note began. Security engraving became an art and thousands of beautiful notes were produced. In the process, giant bank note companies were organized to meet the demand of bankers. These companies competed to hire the most skillful engravers, who enjoyed a pampered status in each firm.

Unfortunately, there were other skilled engravers who, for one reason or another, chose the criminal route to riches and turned out counterfeit bank notes that defied detection. Such men engraved the plates but usually left the printing and distribution to others. The profits were so large that highly organized counterfeiting rings became common.

At the top of such groups were the money men, wealthy operators who quietly supplied the capital to finance the illegal activity but never got too close to get arrested. Next in line were the middle men who hired the engravers and printers then turned the notes over to distributors who spread the notes over wide areas. At the bottom were the "shovers" who actually passed the notes into circulation by various means.

Some scholars have referred to the years from about 1825 to 1861 as "the golden age of counterfeiting in America." It continued beyond 1861 but law enforcement severely hampered the activity when the United States government became involved and counterfeiting went into a long decline.

Before the Civil War there were thousands of counterfeit notes in circulation, creating havoc in the banking community. Since arrest and prosecution were handled by local authorities, law enforcement was spotty at best. To protect themselves, bankers and merchants were forced to subscribe to publications called "Counterfeit Detectors," which listed genuine notes and their counterfeit copies.

Laurence Dwight Smith, author of *Counterfeiting*, says that in 1839 one such guide listed 20 issues of fictitious banks, 43 banks whose notes were worthless, 54 bankrupt banks, 254 banks whose notes were being counterfeited and descriptions of 1,395 counterfeit notes then in circulation.

Bankers and businessmen were frustrated. If a counterfeiter or "shover" did happen to be arrested by an honest sheriff or police officer, the effort would often be wasted when a low-paid jail guard accepted a bribe to leave the doors unlocked when he went to lunch. It became a game, with some counter-



A very deceptive counterfeit of the 25¢ Fractional Currency note which featured the portrait of William P. Fessenden, Secretary of the Treasury in 1864 under President Lincoln.



Counterfeit of the 50¢ Fractional Currency note which portrayed Edwin M. Stanton, Lincoln's Secretary of War. Although the portrait is crudely executed, the note circulated for some time as evidenced by the frayed edges and tear on the left end. In the hysteria of the Civil War, it was not uncommon for an average citizen to receive a long prison sentence for having such a note as this in his possession.

feiters vying with each other over which one could get out of jail fastest. In many areas along the Canadian border the counterfeiting gangs actually controlled town governments with the mayor and police chief on their payrolls.

This kind of lawlessness reached its peak in the 1850s, but the outbreak of the Civil War turned the counterfeiting business upside down. The United States government was forced to print its own paper money to finance the war. A legal-tender act was passed by Congress in 1862 which authorized the issue of notes commonly known as "greenbacks." Counterfeiters wasted no time in producing their own copies.

The Confederate States of America produced its own currency using private contractors but counterfeit copies soon flooded the plantations in payment for cotton. The rebel government had few resources to detect and arrest counterfeiters. Their task was made much more difficult because most of the counterfeiters lived in the Union, primarily in the border states.

The first United States (legal tender) notes were made by the major bank note companies in New York who were supported by influential members of Congress. Officials at the Treasury Department who paid the bills felt that they were being overcharged for the paper money and set up what eventually became the present-day Bureau of Engraving and Printing.

It was not long before the first counterfeits of U.S. paper money appeared. Skilled engravers had no trouble at all copying the government notes. Federal officials soon realized that they would have to set up some sort of agency to go after such criminals. Secretary of War Stanton appointed William Wood and the problems began. Wood said in his memoirs, "At this time it was currently reported that about one-half the money in circulation was counterfeit. I was permitted to use my own methods to effect the desired results, and I determined upon capturing and holding in custody the engravers and principals engaged in the business west of the Alleghenies."

The situation did not improve and Treasury Secretary Hugh McCulloch finally went to President Lincoln. He proposed setting up a permanent force whose only job would be the suppression of counterfeiting. Lincoln agreed, saying "I think you have the right idea, Hugh. You work it out your own way." That

night Lincoln went to Ford's Theatre, where he was shot by John Wilkes Booth.

On July 5, 1865 the Secret Service Division of the Department of the Treasury was officially established. Edwin Stanton was riding high so no one was surprised when William P. Wood was chosen to be the first director. Wood did not change his methods when he gained his new title, but more and more people were getting fed up with him. He placed his fate in Stanton's hands, but when the Senate failed to convict President Johnson, Wood knew that Stanton was on his way out and that he would go with him. In 1869 Wood was "asked to resign," a euphemism for being fired, and Herman C. Whitley took his place. Whitley cleaned house at the Secret Service and it eventually grew into the agency we have today.

The document mentioned at the beginning of this article stands in mute testimony to the abuse committed by Wood and his staff. The report consists of 61 pages detailing the pardons granted to 125 persons living in 20 states and the District of Columbia. Obviously we do not have room here to list all of the entries but excerpts illustrate several points of interest.

1. Wood had violated the civil rights of hundreds of citizens.
2. Courts and judges had been influenced by Stanton. Judges had imposed sentences that were outrageously severe and would not be permitted today.
3. Friends and families of the prisoners had appealed to their Congressmen to get the men released.
4. President Johnson had recognized the Civil War military service of many prisoners that had left their families destitute. He was also moved by the poor health and poverty of some of the prisoners.

Perhaps the most outrageous action had been taken against Antonio Rasa who had done nothing except live in a tenement house where police found some counterfeit money. He had none in his possession and no one knew where it had come from. The court convicted Rasa of having made the copies of U.S. fractional currency and the judge sentenced the frightened defendant to six years in prison. The harsh sentence sickened a number of people who petitioned the President for a pardon. Johnson complied and Rasa was released a month later.

George W. Hood had been convicted in Missouri in 1864 of attempting to pass one counterfeit U.S. Treasury note. The judge sentenced him to five years in prison. Because of Hood's good behavior during confinement, his repentance and his youth, he was pardoned on July 20, 1865.

William Wood had collected a lot of reward money when he turned in the plates he had seized while on duty. A typical example of how he accomplished this is found in the document where the Pardon Clerk's report is quoted. It involved one Thomas Ira Johnson who had been suspected of counterfeiting. The clerk's report is as follows:

Johnson was arrested near Indianapolis in August 1864, by detectives, taken to Washington, D.C., where he was confined in the Old Capitol Prison, then under the charge of Colonel Wood, now chief of the secret service division of the Treasury Department. He was there confined until June or July 1865, when he was returned to Indianapolis, and turned over to the civil courts for trial. Three terms of the United States court passed before he was brought to trial; when, in June 1866, he was arraigned, found guilty, and sentenced to seven years' imprisonment. He was recommended for pardon by many citizens, on account of his long, "unwarrantable, and illegal" confinement in the Old Capitol, the length of time he has been imprisoned at hard labor, his uniform good conduct during confinement, his comparative youthfulness, and his determination to lead in future a virtuous life.

I now have to report the gist of the matter in this case, viz: When application for pardon, on the foregoing grounds, was filed, Colonel Wood filed a statement to the effect that Johnson had in possession a \$5 counterfeit plate, of unusual excellence of execution, and very dangerous to the community. He protested against pardon until that plate was delivered to him. I wrote to Alfred Kilgore, United States attorney for Indiana, and recited the facts in the case. It seems that the plate was so valuable that Colonel Wood was perfectly willing to have Johnson released if that was secured, on the ground that, while said Johnson in propria persona received the punishment, yet the plate, being in the hands of skillful counterfeiters, the whole country would suffer thereby, by having its issues thrown upon the mercantile community. Mr. Kilgore, United States attorney, made the surrender of this plate a condition precedent even to the examination of the case. The plate was secured, returned to the Solicitor of the Treasury, and is now in the custody of Colonel Wood. This is an important capture; so much so, that the district attorney, Mr. Kilgore, now recommends the pardon of Johnson, confident that he will hereafter lead an honest life. In consideration of the whole case, I think Johnson should be pardoned, on giving bonds of future good behavior.

Respectfully submitted: E.U. STITT, Pardon Clerk.

Pardoned August 22, 1867.

Recommended by—John M. Binckley, acting Attorney General United States; A. Kilgore, United States district attorney; Hon. J.E. McDonald, and McDonald, Roache & Sheeks.

The other entries in the document show a pattern of abuse in which poor and uneducated citizens, many in bad health, were simply abused by Wood and his men. Without funds to hire defense counsel they were at the mercy of an establishment that was utterly corrupt. We can be grateful that safeguards are in place today which prevent such abuse and keep the likes of William Wood from being placed in positions of authority.

The April 4, 1865 document which at first glance looks like thousands of other such publications created by the Congress tells us quite a bit about a subject of great interest to collectors of paper money.

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Standing Liberty group disbands, offers last journal

The final issue of *MacNeil's Notes* is now available through the Standing Liberty Quarter Collectors Society. The organization is officially disbanding.

Club President Joseph P. Abbin reports a sense of pride, as well as sadness in his last message to members.

The fall/winter 1994 magazine is the final issue. It contains the population reports of Standing Liberty quarter dollars as reported by Professional Coin Grading Service and Numismatic Guaranty Corporation of America.

Articles in the magazine focus on how to use the population reports, recent auction results regarding Standing Liberty quarter dollars and error coins.

Other features include comments from club officers, classified advertising and an article estimating the number of Mint State Standing Liberty quarter dollars in grading service holders.

Back issues and complete sets of *MacNeil's Notes* are now available through the publishers. SLQCS can be contacted at P.O. Box 14762, Albuquerque, N.M. 87191-4762. **GW**